

**Producer Advisory Council
Meeting Minutes**

**December 13, 2012
12:00-1:30pm
Division of Insurance
1560 Broadway, Suite 850
Denver, CO 80202
Conference Room 850-B**

Council Members:

Colorado State Association of Health Underwriters
Long Term Care Forum of Colorado
National Association of Insurance & Financial Advisors
Professional Independent Insurance Agents
Rocky Mountain Insurance Information Association
Society of Financial Service Professionals
Industry
Industry
Industry

Individual Contact:

Dorothy Marshall
Tammey Sullivan
Hartman Axley, Coleen Love, Jim Evans
Gary Frisch
Carole Walker
Janet Van Dorn and Bob Avery
Steve Caldara
Hugh Scott
Roy Webb

Division of Insurance:

Paula Sisneros, Jo Donlin, and Caryn Berumen

Administrative Matters

- The minutes from the June and September 2012 PAC meetings were approved.
- The 2013 PAC meeting dates were approved.

Potential Legislation

Jo Donlin advised that she has been appointed as DORA's legislative liaison.

The following is an update of DOI (DORA) legislative bills

- Public adjusters: The Division is the technical lead on this bill; however this is an agenda bill of the Department of Public Safety. The Division and the Dept. of Public Safety will be working this bill in tandem. The Division would like to develop a stronger regulatory structure around public adjusters because the Division currently has no authority to take an action against them when there is consumer harm. The NAIC has a public adjuster model act which the Division will be using. The current producer licensing model act will be amended to include the necessary language from the public adjuster model act.
- Market Surveillance Statutes: The Division will repeal some of the statutes associated with market surveillance. In 2006 the Division adopted the NAIC model act however it has confused the industry because it conflicts with the current market conduct statutes.
- Prior approval bill: There is currently a statute that requires the Division to publish a health cost report therefore the Division must receive data from every company that sells health insurance. There are over 300 companies that sell health insurance however approximately 60 companies need to report this information to the Division. The Division spends an exorbitant amount of time trying to gather information from all insurance companies. The Division seeks to amend the statute to allow the Commissioner to have rulemaking authority to determine the threshold by which DOI will collect data.
- Harmonization in healthcare: The Division and DORA will be working with the Governor's office to create a market that does not cause adverse selection inside or outside the new exchange.

Strategic Communication Plan Update

- Jo Donlin notified the group that Vince Plymell was hired as the Division's Communications Manager and started with the Division on December 21, 2012.
- Communication Plan for the rate review grant update: The Division has moved through process of key messaging. The next stage is to develop partnerships and identify individuals who may want to be a spokesperson for the Division. A template presentation will be created about what the Division does and how it does it. If anyone is interested in getting more involved contact Jo. Testimonials from individuals and businesses will be collected will be used in outreach material.

Rulemaking Update

Paula Sisneros provided the following update:

- House Bill 12-1008 changed the rulemaking requirements. State departments are required to publish their regulatory agendas for the year. The agendas are published in the Colorado Register. HB 1008 also requires state agencies to notify the members of the general assembly of any proposed fee increases. The Division's agenda included several regulations on healthcare reform.
- The next DOI rulemaking hearing is scheduled for January 7, 2013 at 2:00 p.m. The following Regulations will be heard:
 - 1-1-9 – Electronic Rate Filing and Exemption to Electronic Rate Filing Requirement Due to An Emergency Situation
 - 4-1-4 - Replacement of Life Insurance Policies and Annuities
 - 5-1-12 -Concerning Warranties and Service Contracts
- The Commissioner adopted the following regulations:
 - 3-1-9 and 4-9-20 which will be effective on January 1, 2013
 - 4-2-11 which will be effective on February 1, 2013
- Please visit the Division's website to view the following rulemaking and regulation pages:
 - Current regulations
 - Regulations Adopted But Not Yet Effective
 - Emergency Regulations
 - Notice of Rulemaking Hearings/Proposed Regulations and
 - Bulletins

Bar Association Legislation proposal to protect ILITS Update And Bar Uniform Probate Code 3

Hart Axley provided an update on the irrevocable life insurance trusts (ILITS) bill. This bill is being touted as a uniform bill. Trust companies are afraid to meet the "prudent investment rule" for insurance. Mr. Axley advised that 50 to 85% of the policies issued for life insurance are universal life policies that may not survive until the likely death of the insured. This is due to the funding mechanism of the universal and variable life insurance policies. The trustees don't want to take the responsibility of ensuring that the policies are good policies. The statute drafted for Colorado (which has been approved in 6 states) says that the trustee will not be required to apply a prudent investment analysis to the life insurance policies that are in those trusts. The trustees would like to shift the burden to somebody else. Some states currently require that the beneficiary on the life insurance policy be notified when a trustee is not going to fulfill the prudent investment requirement so that someone else can assume the responsibility.

Bar Uniform Probate Code 3: This update will bring back provisions that were taken out of Uniform Probate Code 2. Specifically non-probate asset transfers, i.e. life insurance policies and annuities.

Action Items

- Next meeting January 16, 2013